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#### THE YUGOSLAV PAY SYSTEM

The Yugoslav pay system is based on the socialist principle of pay according to work done. Regulations enacted during 1948, 1949, and 1950 require that wherever work production can be measured, work should be performed in accordance with a time norm and pay determined on the basis of a production unit. This production unit can be a meter, liter, kilogram, ton, piece, etc.

The pay rate per production unit is figured by multiplying the wage rate for the work concerned by the time norm. The time norm, which can be expressed in minutes, hours, days of 8 work hours, or months of 200 or 208 work hours, is the time normally required to produce a production unit. For instance, if the norm calls for cutting and processing 2.5 cubic meters of coniferous industrial lumber in 8 work hours, or one cubic meter per 3.2 hours, and if the wage rate for cutting and processing coniferous industrial lumber is 18.6 dinars, then the pay per production unit is  $3.2 \times 18.6$  or 59.5 dinars. If a worker produces 2.5 cubic meters of such lumber in one workday, his earnings will be  $59.5 \times 2.5$  or 148.70 dinars.

Although this way of figuring pay is contained in pay regulations, it has not been applied until very recently. To date, this system has not been used in lumbering, transportation, and similar activities, where the nature of the activity practically demands it. If the pay for a production unit is figured in advance, the worker easily keeps track of his output and knows how much he is earning, and the enterprise can reduce pay-office personnel to a minimum.

The simplicity of this method is especially noticeable if compared with work production based on work orders. The latter has often been further confused by introducing, necessary and unnecessary indexes and records. The work orders of some enterprises contain 30-50 or more columns which must be filled out to figure pay. Since a work order is made for each operation, tens of thousands of such orders pass through plants, especially in large enterprises, and foremen become administrators instead of operational managers.

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A worker working on a project involving different categories of jobs would be paid as follows. If he repairs a machine which requires a time norm of 4 work hours in Category VII, which has a pay rate of 20 dinars per hour; 2 hours in Category VI, which has a pay rate of 18 dinars; and 2 work hours in Category V, which has a pay rate of 15 dinars, his pay would be as follows:

<u>Job Category</u>	<u>Time-Norm</u> (hr)	<u>Rate of Pay</u> <u>per Hr</u> (dinars)	<u>Pay</u> (dinars)
VII	4	20	80
VI	2	18	36
V	2	15	30
Total	8	53	146

If the worker completes the job in 6 hours, surpassing the time norm by 25 percent, he would receive 146 dinars for the job, even though he worked only 6 hours. In addition, he would get paid for the extra 2 hours remaining.

Pay for a group of workers, all of whom were on the same job, would be divided into equal parts (assuming that all workers worked the same length of time).

If work was done by a group which included workers of different qualifications, pay for the group would be based on work output of the group and its make-up, as fixed by a norm. Division of pay among its members would be based on actual work hours spent on the job by individual members and the wage rate for the job category for which the worker was qualified.

For instance, if in cutting and processing beech logs in mountainous country and under average conditions, the norm calls for 30 cubic meters to be cut and processed in 8 work hours by a group whose composition is shown in the table below, the pay per production unit would be obtained by multiplying the work time established as a norm for the group (80 hours in this case) by the average pay rate (18.5 in this case) and the result divided by the norm (30 in this case), making the pay per production unit 49.2 dinars.

<u>Worker</u>	<u>Category</u>	<u>Rate of Pay</u> <u>per Hr</u> (dinars)
Feller	VII	19.9
Feller	VII	19.9
Cutter	VI	18.6
Cutter	VI	18.6
Cutter	VI	18.6
Cutter	VI	18.6
Cutter	VI	18.6
Cutter	VI	18.6
Trimmer	V	16.8
Trimmer	V	16.8
Total		185

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Therefore, if the group cut and processed 35 cubic meters of beech logs in 8 hours, they would receive a total of  $35 \times 49.2$  or 1,722 dinars. Individual wages, if figured out only by pay rate, would have been the following:

<u>Worker</u>	<u>Category</u>	<u>Pay Rate per Hr</u> (dinars)	<u>Pay Rate for</u> <u>8 hr Work</u> (dinars)
Feller	VII	19.9	169.2
Feller	VII	19.9	169.2
Cutter	VI	18.6	148.8
Cutter	VI	18.6	148.8
Cutter	VI	18.6	148.8
Cutter	VI	18.6	148.8
Cutter	VI	18.6	148.8
Cutter	VI	18.6	148.8
Trimmer	V	16.8	134.4
Trimmer	V	16.8	134.4
Total			1,500

However, since the pay earned was 1,722 dinars, the increase in the pay of each worker would be figured by means of a coefficient obtained by dividing the actual earned pay by the wages based on pay rate and time spent on the job:

$$C = \frac{1722}{1500} \text{ or } 1.148$$

By multiplying the wages based on pay rates and time actually spent on the job with this coefficient, the augmented pay of each worker would be the following:

<u>Worker</u>	<u>Coefficient</u>	<u>Pay Earned</u> (dinars)
Feller	$169.2 \times 1.148 =$	194.3
Feller	$169.2 \times 1.148 =$	194.3
Cutter	$148.8 \times 1.148 =$	170.8
Cutter	$148.8 \times 1.148 =$	170.8
Cutter	$148.8 \times 1.148 =$	170.8
Cutter	$148.8 \times 1.148 =$	170.8
Cutter	$148.8 \times 1.148 =$	170.8
Cutter	$148.8 \times 1.148 =$	170.8
Trimmer	$134.4 \times 1.148 =$	154.3
Trimmer	$134.4 \times 1.148 =$	154.3
Total		1,722

The above examples show only the usual and most common procedure of figuring pay according to work done. This does not mean that some enterprises, considering the nature of their technological processes and work organization, could not figure pay per production unit in a different way, while still observing the fundamental principle that pay must be based on this unit.

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The proposed principles for the distribution of earnings among members of a group are still incomplete and do not differ enough objective criteria to assure proper distribution of earnings. They could sometimes be unfair to members of a group who work harder than the others. Therefore, the above principles should be considered as advisory and not as inflexible. It would be advisable to consult the members of groups before pay distribution is made. In such cases, however, equalized pay, which usually follows if distribution of pay is left to the decision of the workers, should be avoided.

Enterprises which only recently adopted the system of pay according to work done are aware of its advantages for better work organization and for stimulating workers to increase productivity. Because of the possibilities of a worker (or a group of workers) contracting to produce a certain amount in a certain period of time for predetermined wages, the need to supervise workers practically disappears, provided the nature of operations makes it possible to assure quality production. However, the fact that many enterprises, especially lumber and transportation enterprises, adopted this method of paying, calling it a new and original method not previously used in Yugoslavia, confused enterprises that had adopted it earlier.

Enterprises which adopted the pay system recently gave it names such as quantity norm, pay by contract, socialist contract, group socialist contract, money norm, etc., without giving any explanations. Consequently, those enterprises which had adopted it earlier under the name of pay by production unit thought this was a new method of paying, doubtless based on contract, since this term was used most frequently. The result is that enterprises which adopted it as a new system occasionally add new elements which bring it more or less close to the capitalist contract. On the other hand, some enterprises which have already been paying by production unit are giving in to the general trend by introducing "the new method of paying," believing the contract is a new method which will produce favorable results.

The mistaken and widespread use of the term "contract" has contributed to this misapprehension, especially after certain articles in the newspapers made it popular and failed to mention that it is not applicable to Yugoslavia in any way. The contract system represents the worst exploitation of workers in capitalism and was condemned by Marx. Yugoslavia has no reason for using the term "contract" because there is no place for bargaining, either about the time in which to complete a job or about the amount of pay, as is regularly the case in an ordinary contract. The use of the term "contract" has induced the uninformed to start introducing changes in labor relations and other features identified with contracts.

Thus, the administration of the "Hidrogradnja" (Hydroelectric Construction) Enterprise in Mali Zvornik made an estimate for the assembly of a large crane on the basis of norms and legal tariffs, then issued bids to three brigades of workers and assigned the job to the brigade bidding lower than the other two. Until the job is completed, the administration of the enterprise is advancing workers money on the basis of work done, the final settlement to be made after completion.

This is a typical case of a capitalist contract, where the price of completing a job depends on bargaining and not on estimates. If the group which got the job bid considerably lower than the estimate was, then the workers were cheated because they will receive less than they were entitled to by existing regulations. This also indicates that the enterprise does not care how long a group works every day, because it is only interested in getting the job done as quickly as possible. Workers usually work all day in such cases, often 16 hours a day, being forced to try to make up losses in compensation by stretching working time.

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On the building site of the Sevojno Copper Combine, the administration has made time contracts with workers for excavation jobs but requires output arrived at by norms. When the workers achieve the output, the administration considers the contract fulfilled and fires them, even though the time called for by the contract is not up.

The Jesenice Ironworks permits workers from Slovenacko Primorje to work up to 16 hours a day.

A prolonged workday is a natural sequel to work by contracts, especially if there is no active opposition to it. By viewing the prolonged workday with tolerance from the standpoint of enterprise interests, its substance and its imminent effect on society are overlooked. If excessively long workdays are maintained for any length of time, they result in exhaustion and loss of working ability. Even capitalist states take steps to prevent the prolongation of the workday.

In enterprises where the nature of operations and organization requires work to be performed mostly by groups, certain elements of the contract system show up more often in conjunction with the introduction of the new pay system. As a result, the appearance of the contractor is inevitable if any elements of the contract system are adopted. Along with the contractor comes the exploitation of the worker, which should be opposed vigorously.

The leader of a brigade in the "Sip" Lumber Enterprise in Delnice independently concludes contracts for jobs on behalf of a group of workers without informing them about the time called for by the contract, the conditions of work, or even the pay. A contractor in a lumbering enterprise in Croatia arranged with the enterprise to haul logs out of the woods and then brought in workers to do the job. The workers were paid by him instead of by the enterprise. The enterprise paid him 90 dinars per cubic meter of logs hauled, while he paid workers 18 dinars per cubic meter.

The "Kacaj" Construction Enterprise in Pozarevac turns over whole projects to its foremen, making agreements with them which contain many contract elements. Since the introduction of this new method, the pay of the foremen had doubled or tripled, while the pay of workers has remained the same.

The "Gradis" Construction Enterprise in Slovenia has introduced a special procedure where construction jobs are handed over to the work collective, and workers' pay is figured in a special way. The administration of the enterprise is formally separated from the work collective, a contract being made by which the administration entrusts the work collective with the construction of entire buildings. An official of the enterprise represents the enterprise, and a contractor, sometimes appointed by the workers' council of the enterprise, represents the workers. The workers' council is supposed to be an administrative agency of the enterprise and not a group representing the workers; this reduces the administrative functions of the workers' council to those of a trade union. The foreman of the construction project assumes the role of a contractor, because he is able, to a degree, to influence the amount of the earnings of each member of his work collective, since his word is final in the division of earnings among the members of the brigade. This method of paying workers is called the socialist contract method.

Work agreements called contracts are being made between enterprises and workers in construction in Bosnia - Herzegovina. Deadlines for completion of a job are given a worker or group of workers, but regulation of working time within deadline dates is left to the workers. No overtime pay, night differential, or holiday pay is given.

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Contract work has been introduced in the "Bor" Mine, so that pay is not based on production unit of kilogram or ton, but on product. The pay rate of the category of work performed is not considered; only the time involved is considered.

Some enterprises, such as the metal plants in Rijeka, ignore established norms and bargain with workers on the basis of completing a job, estimating at a glance the volume of work and earnings involved. This sometimes enables workers to earn 20-50 percent more than they would have earned if established norms had been used. These enterprises are contracting for those jobs where work cannot be measured, fixing pay by free agreement between workers and enterprises. This contradicts the principle of pay based on output, for where it is impossible to measure output, pay should be based on work time spent on the job. To stimulate better performance where payment is based on time, the Yugoslav system plans to provide for the payment of bonuses for better quality work, for completion of a job before a deadline, etc.

In enterprises and economic activities where work is mostly done by groups, the new pay system has resulted in certain changes in composition of groups. Up to now, norm regulations were decisive in determining the composition of a group; the enterprise observed them and organized individuals into groups without consulting workers. The new pay system has led to workers beginning to organize groups themselves, making selections for the groups on the basis of knowing and trusting each other to achieve higher output and higher earnings. This has been accepted by some enterprises, such as lumber organizations in Slovenia, where workers are being granted independence in forming work brigades. However, the organization of work operations is the responsibility of the technical management of an enterprise, with the right to form work brigades. To deprive the technical management of this right and substitute free bargaining among individual members of work collectives might result in a situation where a technical manager could not remove a worker from a job, even though he was inefficient and, being unqualified, could damage installations which are expensive and hard to repair. Therefore, the independent forming of brigades has not been considered in many enterprises, especially those engaged in manufacturing. However, it would be wrong to forbid it in enterprises where the nature and organization of the work permit it, but it should not make the administration powerless to demand a different composition in a brigade.

Most enterprises which have introduced the new pay system believe that overtime work should not be paid for, although regulations call for time and a half for overtime. Some enterprises, especially construction enterprises in Bosnia - Herzegovina, are not paying for overtime work. Work should be organized on the basis of an 8-hour day, and overtime work should be considered only if absolutely necessary. However, it should be paid for when ordered.

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